



Message of the Week

April 30-May 6, 2003

Presented by Rep. Mike Pence (R-IN)

“Tax increases to ‘pay’ for tax relief are unacceptable.”

- Some Members of Congress have proposed **“offsetting” the tax cuts** in the Bush Economic Growth Package with tax increases (or “revenue raisers”). These “offsets” will likely include:
 - Reducing legal tax shelters and increasing the associated penalties;
 - Imposing a tax on legal inversions; and
 - Converting corporate credit to deductions.
- Though these proposals will be promoted as “loophole closings,” make no mistake: **they are tax increases** on American businesses and on the American people.
- Implementing tax increases to “pay” for tax cuts could **cancel out the economic benefits of tax relief**.
- **Tax cuts “pay” for themselves by encouraging economic activity**, which then yields increased total revenues. For example, when tax rates were slashed in the 1980s, total federal revenues soared because of the massive economic recovery that ensued.
- **Tax increases do exponential harm by discouraging economic activity**. Thus, tax increases in the long run will actually *reduce* government revenues—all while encouraging businesses to lay off workers and scale back their operations.
- Think of it this way: when a store gives you a coupon for 20% off, you probably become more likely to shop at that store—perhaps even on a regular basis. That is, a coupon **letting you keep more of your own money stimulates business activity** for the store. Similar things happen on a nationwide scale when the government lets American families keep more of their own money.
- Conservatives believe that it is important to get the largest Economic Growth Package possible in order to encourage job-creation and help the economy. We will continue to fight for **a minimum of \$550 billion in tax relief without any accompanying tax increases**.